IN THE HIGH COURT OF JUDICATURE AT BOMBAY

O.O.C.J.

COMPANY PETITION NO. 89 OF 2007

In the matter of the Reduction of Share Capital of Genesys International Corporation Ltd.

Genesys International Corpn.Ltd. ... Petitioner.

....

Mr. Shiralkar i/b. Shiralkar & Co. for the Petitioner.

Mr. C.J. Joy, Regional Director.

Mr. K.V. Gautam, Dy. Official Liquidator.

....

CORAM : DR. D.Y.CHANDRACHUD,J.

23rd March 2007.

P.C. :

. The sanction of the Court has been sought to a reduction of the capital of the Petitioner, as embodied in a Special Resolution passed at an Extraordinary General Meeting of the shareholders held on 15th January 2007. The circumstances in which the reduction has been sought are explained in paragraph 6 of the Petition as follows :-

"(a) The Shareholders at their Extra Ordinary Meeting held on 15th May 2006 had subject to statutory approvals, passed the Special Resolutions for issue and allotment of 20,85,000 Equity shares and 18,45,000 Warrants o be converted into Equity shares of Rs.10/- each at a price of Rs.19/- per share to Promoters and Outsiders as per Chapter XIII - Guidelines for Preferential Issues of SEBI (DIP) Guidelines.

(b) The Company had received 'in principle' approvals from the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

(c) The Board of Directors at its Meeting held on 27th May 2006 had allotted 20,85,000 Equity Shares of Rs.10/- each at a price of Rs.19/- per share aggregating to Rs.3,96,15,000/-

and 18,45,000/- Warrants at a price of Rs.19/- per warrants (Rs.1.90 paid up per Warrant) to the respective allottees.

(d) Whilst the Company obtained the "in-principle approval" for issue as stated above, the Company was unable to obtain the "listing permission" from BSE as the Company could not comply with the provisions of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 on Preferential Issue and consequently the "trading permission" from BSE and NSE. Therefore, there would be a difference/ mismatch between the "Issued Equity Share Capital" and "Listed Equity Share Capital" of the Company. Hence the Company has proposed the reduction of 20,85,000 equity Shares of Rs.10/- each and cancellation of 18,45,000 Warrants."

2. The Special Resolution as noted above has been passed by the Shareholders on 15th January 2007. The Company has two secured creditors who have furnished their consents. By an order dated 23rd February 2007 a dispensation was granted from the procedure prescribed by Section 101(2) of the Companies Act, 1956. Counsel appearing on behalf of the Petitioner states that nearly 90% of the creditors have given their consents while individual notices were undertaken to be served on the remaining creditors which has been done. One of the Creditors objected to the scheme. The dues of the said creditor have since been settled and the Court has been informed that the objection has been withdrawn. An affidavit has been filed on 2nd March 2007 of the Assistant Company Secretary recording that letters have been despatched to the unsecured creditors.

3. In an affidavit dated 7th February 2007. the Assistant Company Secretary has annexed a certificate of the Chartered Accountant stating that even after the reduction of the capital, the

networth of the Company would be Rs.59.60 crores (as against Rs.58.10 crores on 31st March 2006).

4. The Regional Director and the representative of the Official Liquidator have stated that there is no objection to the scheme for the reduction of the capital being sanctioned. No objection has been received by the Court.

5. In the circumstances, the Petition is made absolute in terms of prayer clauses (a) to (c).

6. Publication in the Maharashtra Government Gazatte is dispensed with.